



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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## REIMBURSEMENTS FOR TEMPORARY RELOCATION OF UTILITY FACILITIES

Issued September 2, 1966

Where a public utility district receives reimbursement from a contractor for moving facilities, is the income from the reimbursement taxable?

A public utility district temporarily relocated some of its facilities for the convenience of a contractor. The contractor reimbursed the public utility district for the expense of moving the facilities. Analogizing to eminent domain proceedings and other governmentally required relocations and the tax treatment afforded to reimbursements for such moves, it was claimed that the income from the contractor was nontaxable.

When an eminent domain proceeding or actions of a governmental agency result in an enforced movement of facilities, reimbursements for such moves are considered liquidated damages and not subject to tax. However, where facilities are moved for the benefit of a business or individual, income from reimbursements is taxable. The public utility district, in moving its facilities, was rendering a service for the contractor's benefit. The reimbursement received from the contractor was ordinary income to the utility and subject to tax.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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